

CREDO PETROLEUM CORP  
Form PRE 14A  
February 05, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CREDO PETROLEUM CORPORATION  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**CREDO PETROLEUM CORPORATION**

---

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held March 26, 2009**

---

You are invited to attend or to be represented by proxy at the Annual Meeting of Shareholders of Credo Petroleum Corporation, a Colorado corporation, to be held at the Brown Palace Hotel, 321 Seventeenth Street, Denver, Colorado, 80202, on March 26, 2009 at 2:30 p.m., MDT, for the purposes set forth below.

1. To elect three Class II directors to serve until the 2012 Annual Meeting of Shareholders.
2. To ratify the appointment of the Company's independent registered public accounting firm, Ernst & Young, LLP, for the fiscal year 2009.
3. To consider and vote on the reincorporation of the Company from the State of Colorado to the State of Delaware.
4. To transact such other business as may properly come before the meeting and at all adjournments thereof.

Shareholders of record at the close of business on February 12, 2009 are entitled to vote at the meeting and at all adjournments thereof. You are cordially invited to attend the meeting in person.

Credo Petroleum Corporation's proxy statement is attached. Financial and other information concerning the Company is contained in the Annual Report to Stockholders for the year ended October 31, 2008. Pursuant to new rules promulgated by the Securities and Exchange Commission (SEC), we have elected to provide access to the Company's proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of the proxy material on the Internet. This proxy statement, the accompanying proxy card and the Company's 2008 Annual Report to Stockholders are available at the Company's website at [www.credopetroleum.com](http://www.credopetroleum.com). In addition, and in accordance with SEC rules, you may access the proxy statement at [www.proxyvote.com](http://www.proxyvote.com), which does not have cookies that identify visitors to the site.

## Edgar Filing: CREDO PETROLEUM CORP - Form PRE 14A

Your vote is important. Regardless of whether you expect to attend the meeting in person, please vote your shares via the Internet at [www.proxyvote.com](http://www.proxyvote.com), in accordance with the instructions provided on the website, or by completing, dating, signing and returning promptly the enclosed proxy card in the accompanying envelope (which requires no postage if mailed in the United States) in accordance with the instruction on the proxy card. You may revoke your proxy at any time before it is exercised by delivering written notice of revocation, by substituting a new proxy executed at a later date, or by requesting, in person at the stockholders meeting, that the proxy be returned.

BY ORDER OF THE BOARD OF DIRECTORS

Alford B. Neely  
Secretary

February 25, 2009

Denver, Colorado

---

**CREDO PETROLEUM CORPORATION**

**1801 Broadway, Suite 900, Denver, Colorado 80202**

---

**PROXY STATEMENT**

---

**ANNUAL MEETING OF SHAREHOLDERS, MARCH 26, 2009**

**GENERAL INFORMATION**

Your proxy in the enclosed form is solicited by the Board of Directors of Credo Petroleum Corporation for use at the Annual Meeting of Shareholders to be held on Thursday, March 26, 2009 at 2:30 p.m., MDT, at the Brown Palace Hotel, 321 Seventeenth Street, Denver, Colorado 80202, and at all adjournments thereof. You may obtain directions to the meeting by contacting us at (303) 297-2200. These proxy materials were first mailed to shareholders on or about February 25, 2009.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on March 26, 2009.**

**The Company's Notice, Proxy Statement and Annual Report to Stockholders are available at <http://www.credopetroleum.com>.**

**In addition, and in accordance with SEC rules, you may also access the Notice and Proxy Statement and vote via the Internet at <http://www.proxyvote.com>, which does not have cookies that identify visitors to the site.**

Only shareholders of record at the close of business on February 12, 2009 will be entitled to vote at the meeting. On that date, there were 10,363,157 shares of common stock outstanding and entitled to vote, excluding 297,098 shares held in the Company's treasury.

All shares represented by properly executed, unrevoked proxies timely received in proper form will be voted in accordance with the directions specified thereon. Any such proxy on which no direction is specified will be voted in favor of the election of the nominees named herein to the Board of Directors, for ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for fiscal 2009 and for the re-incorporation of the Company under the laws of the State of Delaware. In addition, all proxies will be voted in accordance with the judgment of the proxy holder with respect to any other matter which may properly come before the meeting. Any shareholder giving a proxy may revoke that proxy at any time before it is voted at the meeting by executing a later dated proxy, by voting by ballot at the meeting, or by filing an instrument of revocation with the Secretary of the Company prior to the meeting.

The Company's Annual Report on Form 10-K (the Annual Report), which includes audited financial statements, is being mailed to shareholders of the Company simultaneously with this Proxy Statement. The Annual Report is not part of the Company's proxy soliciting materials.

#### VOTING INFORMATION

The \$.10 par value common stock of the Company is the only class of capital stock outstanding. Each outstanding share of common stock is entitled to one vote with respect to each matter to be voted on by the shareholders, which vote may be given in person or by proxy. Cumulative voting is not permitted. A quorum, being a majority of shares of outstanding common stock, is necessary in order for business to be transacted at the meeting. Abstentions and broker non-votes represented by submitted proxies will be included in the calculation of the number of the shares present at the meeting for the purposes of determining a quorum. Broker non-votes means shares held of record by a broker that are not voted

because the broker has not received voting instructions from the beneficial owner of the shares and either lacks or declines to exercise the authority to vote the shares in its discretion.

*Proposal One.* Directors are elected by a plurality and the nominees who receive the most votes will be elected.

Proposal One is considered a routine matter under NASDAQ rules and, accordingly, brokerage firms and nominees have the authority to vote their customers' unvoted shares on Proposal One as well as to vote the customers' shares where the customers have not furnished voting instructions within a specified period of time prior to the Annual Meeting of Shareholders. Abstentions and broker non-votes will not affect the outcome of the vote on Proposal One.

*Proposal Two.* To be approved, the ratification of Ernst & Young, LLP, as the Company's independent public accounting firm must receive the affirmative vote of the majority of the shares of common stock present in person or by proxy at the Annual Meeting of Shareholders and entitled to vote. Proposal Two is considered a routine matter under NASDAQ rules and, accordingly, brokerage firms and nominees have the authority to vote their customers' unvoted shares on Proposal Two as well as to vote the customers' shares where the customers have not furnished voting instructions within a specified period of time prior to the Annual Meeting of Shareholders. Abstentions and broker non-votes will not affect the outcome of the vote on Proposal Two.

*Proposal Three.* To be approved, the re-incorporation of the Company from the laws of the State of Colorado to the laws of the State of Delaware must receive the affirmative vote of the majority of the outstanding shares of common stock. Proposal Three is considered a non routine matter under NASDAQ rules and, accordingly, brokerage firms and nominees do not have the authority to vote their customers' unvoted shares on Proposal Three or to vote the customers' shares if the customers have not furnished voting instructions within a specified period of time prior to the Annual Meeting of Shareholders. Abstentions and broker non-votes will have the same effect as a vote against Proposal Three.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The only persons known to own of record or beneficially more than 5% of the Company's common stock as of February 12, 2009 is set forth below. As of February 12, 2009 there were 10,363,157 shares of common stock outstanding.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Title of Class	Name And Address Of Beneficial Owner	Amount And Nature Of Beneficial Ownership	Percent Of Class
Common Stock	James T. Huffman (1) 6919 S. Steele Street		

Edgar Filing: CREDO PETROLEUM CORP - Form PRE 14A

Common Stock	Centennial, Colorado 80122 Estate of R.K. O'Connell (2) P.O. Box 2003 Casper, Wyoming 82602	748,555	7.1%
Common Stock	RCH Energy Opportunity Fund II, LP (3) 21 Waterway, Suite 200 The Woodlands, TX 77380	556,428	5.3%
Common Stock	RCH Energy Opportunity Fund III, LP (3) 21 Waterway, Suite 200 The Woodlands, TX 77380	1,150,000	11.1%
		687,000	6.6%

---

(1) Mr. Huffman is the Company's Chief Executive Officer and Chairman of the Board of Directors. Includes 404,406 shares owned by members of Mr. Huffman's immediate family and 108,563 shares that are related to options currently exercisable, or exercisable within 60 days of, February 12, 2009.

(2) Includes 454,445 shares owned by the Estate of Mr. O Connell and a corporation for which he served on the Board of Directors, and 101,983 shares owned by other family members.

(3) Robert J. Raymond and RR Advisors, LLC beneficially own the RCH Energy Opportunity Fund II, LP and RCH Energy Opportunity Fund III, LP shares.

The following table, based in part upon information supplied by officers, directors and principal stockholders, sets forth certain information known to the Company with respect to beneficial ownership of the Company's common stock as of February 12, 2009, by (i) each Named Executive Officer (see Executive Compensation Summary Compensation Table), (ii) each director of the Company, and (iii) all directors and executive officers of the Company as a group. Except as otherwise indicated, each person has sole voting and investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable. Voting power is the power to vote or direct the voting of securities, and investment power is the power to dispose of or direct the disposition of securities.

#### Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount And Nature Of Beneficial Ownership	Percent Of Class
Common Stock	Clarence H. Brown (1) (4)	91,080	0.9%
Common Stock	Oakley Hall (1) (2)	120,000	1.2%
Common Stock	James T. Huffman (1) (3)	748,555	7.1%
Common Stock	Alford B. Neely (1)	10,000	0.1%
Common Stock	H. Leigh Severance (7)	237,000	2.3%
Common Stock	William F. Skewes	70,301	0.7%
Common Stock	Richard B. Stevens (5)	191,104	1.8%
Common Stock	David E. Dennis	0	0.0%
Common Stock	W. Mark Meyer (6)	0	0.0%
Common Stock	John A. Rigas (6)	0	0.0%
Common Stock	All Directors and Officers as a Group (ten persons)	1,468,040	14.2%

(1) Includes the following shares subject to stock options which are currently exercisable, or exercisable within 60 days of February 12, 2009: Mr. Brown - 29,250 shares; Mr. Hall 20,000 shares; Mr. Huffman - 108,563 shares; Mr. Neely - 10,000 shares.

(2) Mr. Hall's shares are held in the name of an entity he controls.

(3) Includes 404,406 shares owned by members of Mr. Huffman's immediate family.

(4) Mr. Brown's shares are held in the name of a trust, of which he is a beneficiary.

(5) Mr. Stevens's shares are held in the name of a trust, of which he is a beneficiary.



(6) Mr. Meyer and Mr. Rigas are partners in RCH Energy Opportunity Fund II, LP and RCH Energy Opportunity Fund III, LP. The two funds, combined, hold 1,837,000 shares or 17.7% of the Company's common stock. Based on Schedule 13D filed on July 14, 2008. Robert J. Raymond and RR Advisors, LLC are the beneficial owners of the 1,837,000 RCH Energy Opportunity Fund II, LP and RCH Energy Opportunity Fund III, LP shares.

(7) Mr. Severance was appointed to the Board in November, 2008.

**DIRECTORS AND OFFICERS**

**Election of Directors (Item 1 on Proxy Card)**

The Articles of Incorporation, as amended, classify members of the Board of Directors into three classes having staggered terms of three years each. The Board of Directors consists of eight directors, including seven independent directors, who have particular expertise in areas considered essential to the Company's business—namely land, petroleum engineering, legal, accounting and investments. The Board of Directors has affirmatively determined that Clarence H. Brown, Oakley Hall, William F. Skewes, Richard B. Stevens, W. Mark Meyer, John A. Rigas and H. Leigh Severance, who comprise a majority of the Board of Directors, are independent directors in accordance with NASDAQ standards.

The directors to be elected to the Board of Directors in Class II at the 2009 Annual Meeting of Shareholders will serve until the 2012 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Class I and Class III directors will continue to serve until the 2010 and 2011 Annual Meetings of Shareholders, respectively, or until their successors are duly elected and qualified.

The Class II nominees named below are presently members of the Board of Directors. Unless your proxy contains contrary instructions, it will be voted FOR the nominees. Should the nominees become unable to serve, which is not anticipated, the proxy will vote for such substitute nominees as recommended by the Board of Directors. Any vacancy occurring in a class following the election of that class may be filled by the remaining members of the Board of Directors. A director selected to fill a vacancy in a class will hold office for a term expiring at the Annual Meeting of Shareholders at which the term of that class expires or until a successor is duly elected and qualified.

The following table sets forth certain information with respect to each nominee and each director whose term of office will continue after the meeting.

**Information Concerning Director Nominees and Continuing Directors**

**Name, Age, Position  
with Company  
and Term as Director**

**Business Experience and Directorships  
in Other Public or Investment Companies**

**CLASS II - NOMINEES FOR ELECTION AT THE 2009 ANNUAL MEETING WHOSE TERMS WILL EXPIRE AT THE 2012 ANNUAL MEETING**

James T. Huffman  
Age: 61; Chairman of the Board,  
Chief Executive Officer and  
Director since 1980

Mr. Huffman was a founder of the Company in 1978 and has been the Chairman of the Board of Directors and Chief Executive Officer of the Company since 1980.

Clarence H. Brown  
Age: 74; Director since 2000

Mr. Brown has been an independent businessman and oil operator since December of 2000. From 1989 until December of 2000, Mr. Brown was an Executive Vice President, Chief Operating Officer and member of the Board of Directors for Columbus Energy, Inc. Prior to 1989, Mr. Brown was the Chairman of the Board of Directors and

Chief Executive Officer of Kimbark Oil and Gas Company.

W. Mark Meyer

Age: 46; Director since July 2008

Mr. Meyer has been President, since April of 2007, of RR Advisors, LLC and Principal of RCH Energy Opportunity Fund II, LP and RCH Energy Opportunity Fund III, LP, E&P equity investment funds. From August of 2005 until March of 2007, Mr. Meyer was a Portfolio manager for CastleArk Management. From January of 2001 until July of 2005, Mr. Meyer was Director of Simmons & Company, Int'l and a Senior Equity Research Analyst in the E&P sector.

**CLASS I - DIRECTORS WHOSE TERMS WILL EXPIRE AT THE 2010 ANNUAL MEETING**

Oakley Hall  
Age: 62; Director since 2000

Mr. Hall has been an independent businessman and investor since July of 2000. Previously, Mr. Hall was an audit partner with the accounting firm of PricewaterhouseCoopers.